INTRODUCTION

Savings and investment among the common masses emerges as a result of the cultural background. It is a normal human tendency to spend his earnings but the sense of protecting or safeguarding his future needs forces him to save and this culture of saving and directing the savings to profitable investments are influenced by the extent and level of financial planning carried out. Investment culture necessarily would mean different attitudes, perceptions and willingness expressed by individuals/institutions in directing their savings in various financial instruments/securities. A study on the savings and investment pattern, their perceptions and preferences, thus, assumes a larger significance in the formulation of policies for the development and regulation of securities market in general and protection and promotion of investors' interest in particular.

The Indian Securities market has made substantial progress since independence. The structure and functioning of the Indian securities market has transformed significantly especially after the Industrial policy 1992. Along with the development and expansion of the structure of the Indian Securities market there has also been several problems that has emerged and the seriousness of the problems have also magnified manifold.

The investment in a country is not primarily controlled by the quantum of capital that is mobilised but also depends on the sentiments and level of knowledge among the investors. By understanding the investors perception, their preferences and their immediate and future concerns about the capital market the much needed stability can be instilled in the market.

Various studies reveals that the lion share of investment in India accounts from the household investors who actively participate in various investment avenues. The saving that is channelized by the investors account for almost 85-90 percent of India's gross domestic savings which is 22.5 percent of GDP[1].

In the light of these facts the researcher aims to carry out an insight into the operations of the capital market making a review of the same and studying the investment and saving habits of the class of stock investors, who are active in the market. Basically it is to analyse the investors' perception, attitudes and preferences towards different forms of investments.

STATEMENT OF THE PROBLEM:

Investment culture among the people of a country is an essential prerequisite for capital formation and faster growth of an economy. Every individual who earns either spends or saves his income. The aggregate savings of the economy is the source for investment. This investment culture is influenced by the investor's attitude, perception and willingness to place

1 "UNION BUDGET & ECONOMIC SURVEY." *UNION BUDGET & ECONOMIC SURVEY*. N.p., n.d. Web. 15 Dec. 2013. <http://indiabudget.nic.in/statdata.asp?pageid=1>.

their savings in various financial assets most popularly known as securities. The study on the savings and investment pattern of stock investors assumes greater significance in the formulation of polices for the development and regulation of securities market in general and protection and promotion of savings in the economy.

It is important that the regulatory authorities understand the investment pattern of the investors, which are largely influenced by their perceptions, preferences and their concerns about the financial markets and specifically on the stock market. An attempt is been made to study the saving and investment pattern of investor and to understand the flow of savings into the economy. Efforts would be to assess the gap that exists in mobilising the savings of the public and also assessing their perception and awareness level in investment and stock market.

Every financial system has an indispensable role in the economic development of a nation, and the effect of financial system on savings and investment is quite important. Though safety, liquidity and return is a major decision making factor, the choice of alternative forms of investments are dependent on a variety of factors, and it may differ from person to person, depending on their approach accessibility to information and purpose. Though considerable variations are expected within a class as well as between the classes of investors, there exist some relationship between savings and investment. Unless savings are not properly channelized there won't be any sustainable investment and corresponding growth in the economy. This study is intended to focus on the savings and investment pattern of different class of stock investors coming from different sectors of engagement in the State of Kerala.

SCOPE AND SIGNIFICANCE OF THE STUDY

India has shown tremendous increase in domestic savings over the last decades and these savings are in effect transformed into different forms of investments depending on the wide variety of reasons and perceptions. The purpose of the study is to enquire why different class of people route the savings to different avenues of investment and to see whether any distinctive pattern is prevailing among any specified group and its influence in capital formation.

Though studies focussed on perceptions, preferences and behaviour of small and household investors, the ownership pattern in the capital market and individual geographical distribution of share ownership are available, studies covering the issue of investor perception and behaviour at the micro/regional level are rather limited. An attempt is made to study and analyse the investment pattern of the investors in general which would help policy makers in evolving suitable strategies to get small and household investors. The geographical coverage of the study will the revenue districts of Kerala and the period of coverage would be 2005-'12.

OBJECTIVES OF THE STUDY

1. To study the savings and investment habits of different class of stock investors
2. To Study the determinants of investment decisions and extent of diversification
3. To study the trends in capital market operations (this is review of literature)
4. To analyse the awareness, preferences and experience of stock investors in various investment avenues
5. To study the investors objectives perception and resultant behaviour
6. To examine and study the determinants of investment decision and methods of assessment of risk by investors.
7. To make suggestion based on the study, to bring about better programmes and awareness in education of investors.

METHODOLOGY

SOURCE OF DATA

Primary data is collected from the respondents to understand their investment behaviour with the help of a pre-structured interview schedule which is duly pre-tested by means of a pilot study. The relevant secondary data gathered from the regulatory authorities, previous research works, journals, articles and magazines are reviewed and used particularly to assess the volume of savings and investment in the economy over the period under review.

SAMPLE DESIGN

The universe of the study covers the entire state of Kerala is entire of Kerala State an attempt is made to stratify the region on the basis of administrative factors. In order to ensure adequate representation to various administrative sectors like revenue districts, divisions, taluks, villages and gram panchayats, multi stage sampling technique was followed for gathering primary data. Accordingly, the first stage of samples were gathered from 14 revenue districts. In the second stage it was applied to 21 revenue districts of each district and in the final stage 50 respondents each were selected from each revenue division on a purposive sampling basis.

TOOLS OF ANALYSIS

Apart from the descriptive statistical tools, the inferential tools like Regression and Correlation analysis, Coefficient of Determination, Coefficient of Variation, Chi-square analysis are used for analysing and interpreting the data.

SCOPE AND LIMITATIONS OF THE STUDY

1. The present study is limited to evaluation of the investment behaviour of individual investors selected from the revenue divisions of Kerala State.
2. The perceptions, preferences and behaviour of stock investors holding a valid depository account alone is taken into consideration.
3. The limitations applicable to any study based on primary data is not overruled in this study.
4. Considering the constraints of time and money, sampling approach is followed in gathering the primary data, rather than going for a comprehensive and extensive study.
5. Most of the information gathered from primary sources are regarded as estimates since it is recollected from the memory of the respondents rather than taking it from any documented sources.

CHAPTER LAYOUT OF THE REPORT.

The report is divided into six chapters.

The introductory chapter covers the statement of the problem, scope, significance and objectives, methodology and limitations of the study.

Review of Literature enumerated in the second chapter includes the review of important studies relating to the field of study. A comparison of the study with other relevant studies have also been made to justify the statement of the problem.

The third chapter gives description about the Indian Capital Market Scenario. It includes the role and significance played by the capital market in the financial system.

The profile of Investors in Kerala is given in the fourth chapter. It comprises of separate sections for the general profile of investors in Kerala and another one for socio economic profile of the investors.

Data Analysis and Interpretations given in the fifth chapter is the summary of perceptions and behaviour of the investors and the factors which influenced them.

The last chapter presents the summary of findings, suggestions and conclusions of the study.

MAJOR FINDINGS OF THE STUDY

1. The mobilisation of savings and channelization of investments is effectively carried out in the Capital market.
2. The Capital Market facilitated the investors to do more with their savings and savings are matched best with investment avenues available.
3. The stock market size as measured by the number of listed companies, market capitalisation and liquidity when measured by their turnover ratio has increased over the time.
4. Though majority of the investors are aware of the investment avenues like equity and preference shares, bank deposits dominated all investment avenues and this is followed by real estate as an investment.
5. The level of awareness about investment channel and the gender of the investor is not related to each other. The investors from full time salaried class had better awareness of various investor alternatives than other occupations and education level is a pivotal factor in shaping the levels of investor awareness.
6. There is significant relationship between the level of income and the extent of awareness of investment alternatives.
7. The primary motive of investment among the small and individual investors was to earn regular income in the form of dividend and majority of them preferred monthly investment plans.
8. Most of the investors have sought the help of advisors like brokers and most of the investors were cautious and optimistic in their approach and they a change in their future income and were able to save from their regular income.

9. Majority of the investors were risk averse when it comes to their investment choices and fluctuations in the market value of shares were found to be a major factor of risk to many of the investors.